

Remarks to the National Conference of State Legislatures July 27, 1993

The President. Thank you very much, Art. Thank you for your leadership of the National Conference of State Legislatures, and thank you for your friendship to me. And most of all, thank you for giving me the chance to speak with all of you by satellite today.

It wasn't very long ago that you and the other leaders of the National Conference of State Legislatures came here to Washington along with some State legislators from California to speak about the specific problems of their State. I understand your incoming president, Senator Bob Connor from Delaware—perhaps he remembers, as I do so well, stopping in Wilmington last fall when my voice was so bad I could barely speak. I hope you're all able to hear me a little better today.

And to all my friends from Arkansas, let me say I do miss you, and there are plenty of days when I would trade with you. But after all, I asked for this job, and most of the folks in the Congress do want to move this country off dead center and move it forward, and I'm convinced we're going to break the gridlock and go forward with your help.

President Franklin Roosevelt once said that, "What this country needs is bold, persistent experimentation." As a former Governor who has worked with you to redefine how our Government can best meet the needs of our people, I think I know what that means. Most of you in this audience and most of the Governors with whom I work really have worked hard for a long time now to represent the laboratories of reform, whether in the cause of reinventing Government or controlling health care costs and providing health care to people who don't have it or giving people the dignity to move from welfare to work or to build an ambitious set of national goals for education or to devise State strategies for generating jobs and income.

For more than a decade, I have worked on these reforms with you. Now, as President, my administration aims to establish an historic partnership between the White House and the statehouses to give you the freedom to experiment in bold and innovative ways to meet the unique needs of people in your own States. The first order of business, as you know, must be to

reclaim control of our economic destiny. Here in Washington, I put forward an ambitious economic plan that finally does something serious about the deficit, reducing it by \$500 billion to be locked away in a deficit reduction trust fund, the largest deficit reduction program in history, with \$250 billion net in real, enforceable spending cuts. This plan restores tax fairness. For every \$10 we reduce the deficit, \$5 comes from spending cuts, \$4 comes from taxes on the wealthiest 6 percent of Americans, and only \$1 from the middle class, with working families under \$30,000 held harmless.

This plan keeps faith with the hard working middle class, because over the course of a year, the average middle class family of four would pay about \$1 a week. The plan is designed to restore our economic greatness by cutting the deficit and by getting on with the business of investing in our future. And you at the State level know that we have to do both. You couldn't run your State budgets with the kind of deficits we have, but if you didn't invest and give incentives to the private sector to invest, you know you wouldn't be able to meet the global competition.

So indeed, we must invest more to start new businesses, to create new jobs, to rebuild our infrastructure, to train our workers for the jobs of tomorrow. Our plan invests in our people and their education and their training as workers and new police officers on the streets and in new technologies that will boost economic growth and help to put our defense workers back to work. And analysis shows that this plan will create in California alone roughly 1.9 million jobs by 1996. As Government borrows less, interest rates will go down, and America will invest more.

Since I was elected President and it became clear that Washington would now be serious about deficit reduction, the financial markets have reduced long-term interest rates to historic lows. That means lower mortgage payments for middle class homeowners, particularly in California where property values are so high, and better loans for small business entrepreneurs who create a majority of our new jobs. It also means lower interest rates for cars and consumer loans.

I'll bet there are people here at this convention who have refinanced your own home in the last 6 months and are saving a lot more money in lower mortgage rates than you'd be asked to pay in the modest fuel taxes. If we can keep these interest rates down for a year, this economic plan will pump between \$50 billion and \$100 billion of new private investment back into the economy by the end of the year. In the end, it all comes down to this: a choice between change for the better or more of the same.

We've seen the cost of gridlock, and the price is simply too high. We cannot afford for Washington to put off the hard choices or pass them on to people like you in the States any longer. It's time for us to act to get our own house in order.

We have to keep pace with the economic changes that are going on in the world. We have to decrease the deficit, lift the skills and wages of workers, open opportunities for young people who work hard and play by the rules.

I know you've got some questions for me, and I want to get to them in a moment. But first, let me tell you about one more issue, an announcement I made just a few hours ago with Vice President Gore and Attorney General Reno. I know it concerns people in San Diego a great deal, and it concerns many of the States which you represent.

Earlier today, our administration took new critical steps to control the growing problem of illegal immigration. America will continue to welcome new citizens into our family with honor and with dignity. But we will not allow terrorists and smugglers to dishonor the millions of immigrants who live here lawfully and contribute to the vitality of our society.

We will, first, expedite the process to exclude undocumented aliens without credible claims to asylum. Second, toughen penalties in law enforcement efforts to crack down on gangs of so-called "coyotes," or organized crime syndicates who smuggle illegal aliens to America by boat. And third, increase funding for up to 600 additional border agents and the training and technology they need to be effective.

We will not surrender our borders to those who wish to exploit America's history of freedom and justice, to engage in terrorism against Americans or traffic in human cargo. By correcting the system, by moving against those who traffic in cargo, and trying to make it far more difficult for terrorists to travel to this country, we will

also protect the immigrant who comes to America legally to live by our laws, work for a living, and to pursue the American dream.

I'm very grateful to the Vice President for coordinating these initiatives since we began this effort on June the 18th. And I also want to thank California Senators Feinstein and Boxer and the Hispanic Caucus and Congress for their aggressive work in trying to resolve this difficult issue through a balanced approach.

Now, I know you have some questions, and I want to answer them. I ask, finally, for your partnership: passing this economic plan, moving forward to the reinventing Government program, to a new health care program which will alleviate enormous pressures on your budget as well, and to helping you fight the battles against crime and for welfare reform, and to open the doors of college education to the citizens in your State. All that awaits the successful conclusion of the struggle in which I am now engaged and for which I seek your help.

The floor is yours. Thank you.

Unfunded Federal Mandates

Arthur M. Hamilton. Thank you, Mr. President. Our first question will be offered by State Senator Robert Connor of Delaware, president-elect of NCSL.

Mr. Connor. Good afternoon, Mr. President.

The President. Good afternoon, Bob.

[*Mr. Connor thanked the President and asked if he planned to relieve the burden of unfunded Federal mandates.*]

The President. Yes, I can. First, I have to be careful what I say because I've promised the Vice President faithfully that we would not dribble these recommendations out a little at a time but instead we'll try to present them in a package.

But I'd like to mention just two things if I might and to offer you an invitation. First, I want a part of this reinventing Government to be a reaffirmation of the idea that the Federal Government should not continue to put unfounded liabilities on the States. Second, I would like this report to also specifically outline some areas in which we can deregulate our relationships with the States and with local communities as well, where we can provide the funds that come from the Federal Government and the partnership that comes from the Federal Government without so much front-end regula-

tion but instead evaluating whether these programs work after you've been given a chance to implement them. I hope both those things will be a part of the final report.

In that connection, I want to invite you again, and I know you've been consulted before, to give us collectively or any individual in this audience to present to us any specific recommendations you have for the kinds of things we could do that might save the taxpayers money, save you bureaucratic headache, and still put more funds or other resources into your hands so that you can actually solve the problems of the people that you are closer to than we are here in Washington. And I want to invite you to do that. We still have a few weeks left before we finalize the program, and any specific suggestions you have will be most welcome.

Energy Tax

Mr. Hamilton. Mr. President, thank you. Our next question comes from Karen McCarthy, representative from Missouri, vice president, National Conference of State Legislatures.

[*Ms. McCarthy asked if the proposed gas tax would be dedicated to the highway trust fund.*]

The President. Well, that's a subject, actually, that is now being discussed in the conference. It was raised with me for the first time today, actually, and I say that because you have given me a little impetus now to get more involved in this question. As you know, when I proposed the Btu tax, I thought the compromise would be one that saved the Btu tax without imposing it on production. I still think that was a better alternative. But the Senate fuel tax proposal seems destined to, in some form or fashion, become a part of the conference. And I will take that issue up with them. I want to make sure you understand, however, that even if it is put into the trust fund for the period of the deficit reduction, it still has to go to that. Of course, after that, it could then be freed up for the original purpose for which it was intended if we had done what we ought to do by then, which is to control health care costs and otherwise change the Government so we're moving toward a zero deficit, which is what our ultimate goal ought to be. But I will consider that. I never even thought about it until the last day or so, and I appreciate you bringing it to my attention.

Block Grants

Mr. Hamilton. Mr. President, our next question comes from Senator Bud Burke, president of the senate in Kansas and the immediate past president of NCSL. Bud.

[*Mr. Burke asked if the President would support legislation to consolidate Federal programs into flexible grants.*]

The President. Senator, let me ask you a question. Have you presented that specific proposal to the Vice President's task force on reinventing Government? Do you know the answer to that?

Mr. Burke. Yes, we have. And we've also discussed this proposal with congressional leaders over the past 3 years.

The President. Let me tell you that, generally, I am very favorable to that sort of approach. I must say I was disappointed when we were trying to pass the emergency jobs package earlier in the year, that there seemed to be so much resistance or at least so little enthusiasm among Members of the Congress in both parties for the community development block grant program. I don't know what your experience has been in Kansas, but in Arkansas, I can tell you that if it hadn't been for the CDBG funds and the flexibility they gave us, it would have been very difficult for us to have the kind of aggressive economic development program we had when I was Governor.

So I am generally very favorably inclined toward consolidating specific programs into larger block grants. I will look at the specific proposal; I will review it; I will discuss it specifically with the Vice President about in terms of what role it should have in his final recommendations.

But I have to say that we're going to have to do a little work on Members of Congress from both parties to increase their enthusiasm for the block grants. I don't quite know what the problem is, because it seems to me that the evidence is clear, at least based on my personal experience, that Federal money goes farther, does more good, has a bigger impact if we stop trying to micromanage it and overregulate it and instead let it be spent where the people and the problems are. So I'm very sympathetic, but I want to be candid. I think we've got a little work to do to bring the Congress to where we are.

Banking and Community Development

Mr. Hamilton. Mr. President, our next ques-

tion comes from Assemblywoman Gwen Moore of California, who is a majority whip of the California Assembly.

[*Ms. Moore asked if the President opposed efforts to preempt State laws related to interstate branch banking and community reinvestment.*]

The President. Let me first, if I might, make a comment in reference to the first thing you said about California, because we now have legislators from all over America there. I want to make it clear that I got hired by all the American people to revitalize the whole American economy. But we can't get there unless something is done about California.

California has 12 percent of the country's population, 21 percent of the country's defense budget, took about almost 40 percent of the cuts in the last round of base closings, has taken a huge percentage of the cuts of defense cutbacks, and therefore is a net drag on the whole rest of the country when we have to pour money in for welfare, for food stamps, for unemployment, for maintenance programs, instead of having California do what it has done for much of the last 20 years, which is to lead the vibrant economic growth of America. So it is critical to all of you in the audience, whether you're from California or not, that something be done to deal with what is otherwise the world's sixth biggest economy.

Now, to go back to your community development question. I'm from Arkansas; my people have an interest in this. Everybody does. Now, let me say about the community involvement issue, I believe strongly that the Federal Community Reinvestment Act should be easier to follow and more clearly enforced. There is a way that we can make it less bureaucratic and still more easily enforced.

I believe that we ought to create partnerships, as you know, for community lending institutions all across America. There is clear evidence in the South Shore Bank in Chicago, in the Southern Development Bank in Arkansas, in the community initiatives in North Carolina and a lot of other places in this country, that you can make loans to poor people in distressed areas and make free enterprise work, create jobs, and move people from welfare to work. That clearly mostly is going to have to be done by people at the local level working in partnership with the bankers. Therefore, I do not see any need to preempt whatever State laws might be also

adopted with regard to community investment priorities or initiatives.

In terms of interstate banking, the other question you asked, that hasn't come up yet. I know of no reason that we would want to do that, and I certainly won't make any move or make any final decision on it without consulting you and the Governors and others at the State level who have an interest in this.

Ms. Moore. Thank you very much.

Health Care Reform

Mr. Hamilton. Mr. President, our last question will be offered by Senator Don Wesely of Nebraska, who is chair of our assembly on the legislators.

[*Mr. Wesely asked when the President would announce his health care reform package and if it would allow States to continue experimenting with their own programs.*]

The President. We expect to come forward with a package after the budget passes, that Congress has made it clear that they do not want to deal with an issue as major as health care while the budget was still on the griddle.

I think that it's also clear that we're going to be able to do far more at lower burden than had originally been assumed in terms of providing basic coverage for the unemployed, uninsured, locking in people to some coverage even if they have some preexisting health condition or someone in their family does, and promoting some significant insurance reforms and Government reforms to simplify the administrative costs.

I think there needs to be a sort of baseline comprehensive care package that every American has access to. But I also believe the States should be left a considerable amount of freedom to experiment with whether they want to provide other services or alternative delivery networks or alternative financing systems. So I think you can look forward to seeing a fairly significant amount of State flexibility here.

It's interesting, if you go back and look at the Canadian system, they've started that in one Province. We now have a lot of States trying different things. Hawaii, for many years, has provided some health insurance to virtually all their employees, although not all children were covered. But they did more sooner than anybody else. Now you've got Washington State, you've got Minnesota with new plans, you've got Ken-

tucky and Vermont with plans on the griddle, a lot of other things being considered. So I think we need to maintain the elbow room and the creativity of the States in solving some of these problems, but there needs to be enough of a framework so that no one fears being left out and so that there's enough systematic change to bring these cost increases down. We have got to get health care costs down closer to inflation, plus population growth, or we're never going to turn this economy around in the long run. We're spending 14 percent of our income on health care, and only one other nation in the world, Canada, is even over 9 percent of income, and they're just barely over.

So we are going to have to have some uniformity, but I want the private system to remain in place, and I want as much flexibility for the States as possible.

Mr. Wesely. Thank you, Mr. President.

[*Mr. Hamilton then thanked the President for participating in the program.*]

The President. God bless you, Art. Thank you all, and goodbye.

NOTE: The President spoke at 5:10 p.m. in Room 459 of the Old Executive Office Building. A tape was not available for verification of the content of these remarks.

Exchange With Reporters at a Meeting With Democratic Members of Congress July 27, 1993

Flood Relief Legislation

Q. Mr. President, the flood aid bill, sir? Your response to the House—overwhelmingly passed the flood aid bill?

The President. I'm elated. I'm elated. I think it's a wonderful thing. We had, as you know, the Governors from the flooded States, and they're real grateful. And we just have to see quick action from the Senate. There are still a lot of problems out there, a lot of things that could still go wrong. And the front needs to break up so the South and East can get

some rain, or we're going to have some agricultural disasters there.

Q. Would it help with the chances in the Senate that Kansas has had some pretty severe flooding at this point?

The President. I don't think that has anything to do with it. I think the Senate will support it on a bipartisan basis and without regard to where they're from.

NOTE: The exchange began at 7:26 p.m. in the State Dining Room at the White House. A tape was not available for verification of the content of this exchange.

Statement on the Death of Matthew Ridgway July 27, 1993

There can be no greater tribute for a patriot than to say he spent his life serving his nation. General Matthew Ridgway was such a patriot. He fought for our liberty and in opposition to tyranny through two great conflicts, World War II and the Korean conflict. Through his efforts, General Ridgway became one of our most venerated military leaders. His greatest legacy is

the freedom his tireless work helped preserve and promote.

Hillary and I wish to extend our condolences to Mrs. Ridgway and the rest of his family. We all owe a debt of gratitude to Matthew Ridgway, soldier and patriot.

NOTE: The related proclamation of July 29 is listed in Appendix D at the end of this volume.